



QUARTER 3

REPORT

31 MARCH 2024

MITCHELL'S

CONTENTS

Company Information	2
Directors' Report	3
Condensed Interim Statement of Financial Position	6
Condensed Interim Statement of Profit or Loss	8
Condensed Interim Statement of Comprehensive Income	9
Condensed Interim Statement of Changes in Equity	10
Condensed Interim Statement of Cash Flows	11
Notes to and Forming Part of the Condensed Interim Financial Statements	12

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shazad Ghaffar.....Chairman
 Mr. Najam Aziz Sethi.....Chief Executive Officer
 Mr. Syed Mohammad Mehdi Mohsin.....Non-Executive Director
 Ms. Umme Kulsum Imam.....Non-Executive Director
 Mr. Aamir Amin.....Independent Director
 Mr. Syed Manzar Hassan.....Independent Director
 Mr. Rizwan Bashir.....Independent Director

AUDIT COMMITTEE

Mr. Rizwan Bashir.....Chairman
 Mr. Shazad Ghaffar.....Member
 Mr. Aamir Amin.....Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Manzar Hassan.....Chairman
 Ms. Umme Kulsum Imam.....Member
 Mr. Aamir Amin.....Member

SHARE REGISTRAR

Corplink (Private) Limited,
 Wings Arcade, 1-K (Commercial),
 Model Town, Lahore
 Phone : (042) 35839182, 35887262,
 Fax: (042) 35869037

CORPORATE OFFICE

72-FCC Gulberg IV, Lahore
 Phones: (042) 35872392-96,
 Fax: (042) 35872398
 E-Mail: ho@mitchells.com.pk
 Website: www.mitchells.com.pk

FACTORY & FARMS

Renala Khurd, District Okara, Pakistan
 Phones: (044) 2635907-8, 2622908
 Fax: (044) 2621416
 E-Mail: mk@mitchells.com.pk
 rsoc@mitchells.com.pk

COMPANY SECRETARY

Anum Ali

AUDITORS

Crowe Hussain Chaudhry & Co.
 Chartered Accountants

LEGAL ADVISORS

Alliance Legal Services
 Office No.7, L.G. Floor, Lahore Palace Building,
 14-B, Temple Road, Lahore.

BANKS

Habib Bank Limited
 Askari Bank Limited
 Allied Bank Limited
 JS Bank Limited
 Bank Al Habib Limited

CHIEF FINANCIAL OFFICER

Badar M. Khan, FCA

REGIONAL SALES OFFICES

ISLAMABAD

Plot # 102, Street 7
 Main China Road, Sector I-10/3
 Islamabad
 Phones: (051) 2707357
 E-Mail: rson@mitchells.com.pk

KARACHI

Mehran VIP II, Ground Floor, Plot 18/3
 Dr. Dawood Pota Road- Karachi
 Phones: (021) 35212112, 35212712
 & 35219675
 Fax: (021) 35673588
 E-Mail: rsos@mitchells.com.pk

DIRECTORS' REPORT

The Directors of the company are pleased to present their report on the condensed interim financial statement (unaudited) of the Company for the third quarter ended March 31, 2024.

Key financial highlights for the subject period are as under:

	PKR Millions	
	31 Mar 2024	31 Mar 2023
Sales Revenue	2,097.91	2,050.19
Gross Profit	609.69	527.82
Net Profit before tax	167.63	0.57
Net Profit/(Loss) after tax	140.00	(25.15)
Profit/(Loss) Per Share	6.12	(1.10)

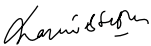
For the third quarter in a row, the company has delivered resilient performance, driven by our strong operational performance, prudent financial management, and unwavering commitment to excellence. We are pleased to report the highest EPS for the company since 2014. Despite economic headwinds, we have achieved profits by focusing on making profitable sales and optimizing costs. Our continued focus on cost optimization measures, positively impacted our bottom line. Additionally, enhancing exports remained our priority resulting in a steady 27% growth in dollar terms during this period.

Throughout the year, we remained focused on enhancing operational efficiency and optimizing costs. We have implemented several initiatives aimed at streamlining our processes, improving productivity, and delivering better value to our customers.

The transaction of sale of land under board approval mentioned in the last half-yearly directors' report, completed in April 2024. The induction of the money from this sale has proved useful for the company's cash flows and towards reducing various costs including finance costs and ensuring a smooth flow of export sales.

Looking ahead, we anticipate continued challenges in the operating environment, especially with regard to smooth export shipments due to the ongoing war in the Gulf, which has extended the shipment time for vessels. However, we are confident in our ability to navigate through these challenges and capitalize on opportunities for growth. We continue to focus on strategic initiatives aimed towards enhancing operational efficiency and delivering sustainable value to our shareholders while maintaining our focus on operational excellence, innovation, and responsible business practices.

For and on behalf of
the Board of Directors



Najam Aziz Sethi
Chief Executive Officer
April 24, 2024



Shazad Ghaffar
Chairman

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 31 مارچ 2024 کو ختم ہونے والی تیسری سہ ماہی کے لیے کمپنی کے کنڈینسڈ عبوری مالیاتی بیان (غیر آڈٹ شدہ) پر اپنی رپورٹ پیش کرتے ہوئے خوشی ہے۔

موجودہ مدت کے لیے اہم مالی نکات مندرجہ ذیل ہیں:

ملین روپے میں		
31 مارچ 2023	31 مارچ 2024	
2,050.19	2,097.91	سیلز ریونیو
527.82	609.69	مجموعی منافع
0.57	167.63	خالص منافع/(نقصان) ٹیکس سے پہلے
(25.15)	140.00	خالص منافع/(نقصان) ٹیکس کے بعد
(1.10)	6.12	منافع/(نقصان) فی حصص

لگاتار تیسری سہ ماہی کے دوران، کمپنی نے عمدہ کارکردگی پیش کی ہے، جو ہماری مضبوط آپریشنل کارکردگی، سمجھدار مالیاتی انتظام، اور عمدگی کے لیے غیر متزلزل عزم کی وجہ سے ہے۔ ہمیں 2014 کے بعد سے کمپنی کے لیے سب سے زیادہ EPS کی اطلاع دیتے ہوئے خوشی ہے۔ لاگت کو بہتر بنانے کے اقدامات پر ہماری مسلسل توجہ نے ہماری نچلی لائن کو مثبت طور پر متاثر کیا۔ مزید برآں، برآمدات کو بڑھانا ہماری ترجیح رہی جس کے نتیجے میں اس عرصے کے دوران ڈالر کے لحاظ سے 27 فیصد کی مسلسل نمو ہوئی۔

سال بہر، ہم آپریشنل کارکردگی کو بڑھانے اور لاگت کو بہتر بنانے پر مرکوز رہے۔ ہم نے کئی اقدامات نافذ کیے ہیں جن کا مقصد اپنے عمل کو ہموار کرنا، پیداواری صلاحیت کو بہتر بنانا اور اپنے صارفین کو بہتر قیمت فراہم کرنا ہے۔

بورڈ کی منظوری کے تحت زمین کی فروخت کے لین دین کا تذکرہ گزشتہ ششماہی ڈائریکٹرز کی رپورٹ میں کیا گیا ہے، اپریل 2024 میں مکمل ہوا۔ اس فروخت سے رقم کی شمولیت کمپنی کے نقد بہاؤ اور مالیاتی اخراجات سمیت مختلف اخراجات کو کم کرنے کے علاوہ برآمدی فروخت کے ہموار بہاؤ کو یقینی بنانے کے لیے کارآمد ثابت ہوئی ہے۔

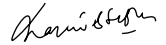
آگے دیکھتے ہوئے، ہم آپریٹنگ ماحول میں مسلسل چیلنجوں کی توقع کرتے ہیں، خاص طور پر خلیج میں جاری جنگ کی وجہ سے ہموار برآمدی ترسیل کے حوالے سے، جس نے جہازوں کی ترسیل کا وقت بڑھا دیا ہے۔ تاہم، ہمیں ان چیلنجوں سے گزرنے اور ترقی کے مواقع سے فائدہ اٹھانے کی اپنی صلاحیت پر یقین ہے۔ ہم آپریشنل کارکردگی کو بڑھانے اور اپنے حصص یافتگان کو پائیدار قدر فراہم کرنے کے مقصد سے سٹریٹجک اقدامات پر توجہ مرکوز کرتے ہوئے آپریشنل عمدگی، جدت طرازی اور ذمہ دارانہ کاروباری طریقوں پر اپنی توجہ برقرار رکھتے ہیں۔

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے



شہزاد غفار

چیئرمین



نجم عزیز سیٹھی

چیف ایگزیکٹو آفیسر

24 اپریل، 2024

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Condensed Interim Statement of Financial Position


As At March 31, 2024 (Un-audited)

	Note	March 31 2024 Rupees (Un-audited)	June 30 2023 Rupees (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
40,000,000 (June 30, 2023: 40,000,000) ordinary shares of Rs. 10 each		<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid up capital			
22,875,000 (June 30, 2023: 22,875,000) ordinary shares of Rs. 10 each		228,750,000	228,750,000
Reserves		54,998,167	(85,003,937)
		283,748,167	143,746,063
NON CURRENT LIABILITIES			
Deferred liabilities		154,233,494	141,008,335
CURRENT LIABILITIES			
Creditors, accrued and other liabilities		869,078,169	668,555,256
Finances under markup arrangements		257,582,398	302,002,267
Loan from shareholders - unsecured	5	216,000,000	316,000,000
Accrued finance cost		51,464,195	47,309,572
Unclaimed dividend		1,912,754	1,912,754
		1,396,037,516	1,335,779,849
Contingencies and Commitments	6	-	-
		<u>1,834,019,177</u>	<u>1,620,534,247</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

	Note	March 31 2024 Rupees (Un-audited)	June 30 2023 Rupees (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	582,159,340	622,300,506
Intangible assets		25,820,797	30,350,731
Biological assets		2,444,402	2,444,402
Long term deposits		1,224,780	1,224,780
		611,649,319	656,320,419
Current Assets			
Stores, spares and loose tools		51,740,769	57,571,705
Stock in trade		493,625,674	520,738,674
Trade debts - unsecured		367,722,380	191,854,393
Advances, deposits, prepayments and other receivables		126,426,436	64,123,643
Income tax recoverable from the Government		112,171,801	108,613,307
Short Term Investments		30,000,000	-
Cash and bank balances		40,680,466	21,312,106
		1,222,367,526	964,213,828
Assets Held for Sale	8	2,332	-
		<u>1,834,019,177</u>	<u>1,620,534,247</u>


Badar M. Khan
Chief Financial Officer


Najam Aziz Sethi
Chief Executive Officer


Shazad Ghaffar
Chairman

Condensed Interim Statement of Profit or Loss

For the Three-Months & Nine Months Period Ended March 31, 2024 (Un-audited)

	Note	Nine-months period ended		Quarter Ended	
		March 31 2024	March 31 2023	March 31 2024	March 31 2023
		Rupees	Rupees	Rupees	Rupees
Revenue	10	2,097,918,460	2,050,195,736	692,762,049	725,168,371
Cost of revenue	11	(1,488,221,745)	(1,522,369,369)	(466,294,774)	(538,855,278)
Gross Profit		609,696,715	527,826,367	226,467,275	186,313,093
Administrative expenses		(151,069,192)	(154,306,097)	(49,963,320)	(53,414,834)
Distribution and marketing expenses	12	(227,139,245)	(324,554,125)	(78,398,602)	(84,823,505)
Other operating expenses		(15,663,534)	(81,806,134)	(8,468,966)	(63,383,530)
Other Income		30,948,667	89,576,402	2,495,371	78,463,418
Finance cost		(79,139,151)	(56,162,153)	(22,259,802)	(21,325,005)
Profit before Taxation		167,634,260	574,260	69,871,956	41,829,637
Taxation		(27,632,156)	(25,732,113)	(8,349,268)	(9,388,805)
Net Profit / (Loss) for the period		140,002,104	(25,157,853)	61,522,688	32,440,832
Earning / (Loss) per share - basic and diluted		6.12	(1.10)	2.69	1.42

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Badar M. Khan
Chief Financial Officer

Najam Aziz Sethi
Chief Executive Officer

Shazad Ghaffar
Chairman

Condensed Interim Statement of Comprehensive Income

For the Three-Months & Nine Months Period Ended March 31, 2024 (Un-audited)

	Nine-months period ended		Quarter Ended	
	March 31 2024 Rupees	March 31 2023 Rupees	March 31 2024 Rupees	March 31 2023 Rupees
Profit / (Loss) for the period	140,002,104	(25,157,853)	61,522,688	32,440,832
Other comprehensive income:				
- Items that will not be reclassified to profit or loss	-	-	-	-
- Items that may be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive Income / (Loss) for the period	140,002,104	(25,157,853)	61,522,688	32,440,832

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Badar M. Khan
Chief Financial Officer


Najam Aziz Sethi
Chief Executive Officer


Shazad Ghaffar
Chairman

Condensed Interim Statement of Changes in Equity

For the Three-Months & Nine Months Period Ended March 31, 2024 (Un-audited)

	Issued, Subscribed and Paid up Capital	Reserves			Total Reserves	Total
		Capital	Revenue			
			Share Premi- um Reserve	General Reserve		
-----Rupees-----						
Balance as at June 30, 2022	228,750,000	609,335,878	300,000	(635,449,464)	(25,813,586)	202,936,414
Loss for the period	-	-	-	(25,157,853)	(25,157,853)	(25,157,853)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(25,157,853)	(25,157,853)	(25,157,853)
Balance as on March 31, 2023 - un-audited	<u>228,750,000</u>	<u>609,335,878</u>	<u>300,000</u>	<u>(660,607,317)</u>	<u>(50,971,439)</u>	<u>177,778,561</u>
Balance as at June 30, 2023	228,750,000	609,335,878	300,000	(694,639,815)	(85,003,937)	143,746,063
Profit / (Loss) for the period	-	-	-	140,002,104	140,002,104	140,002,104
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	140,002,104	140,002,104	140,002,104
Balance as at March 31, 2024 - un- audited	<u>228,750,000</u>	<u>609,335,878</u>	<u>300,000</u>	<u>(554,637,711)</u>	<u>54,998,167</u>	<u>283,748,167</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Badar M. Khan
Chief Financial Officer

Najam Aziz Sethi
Chief Executive Officer

Shazad Ghaffar
Chairman

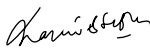
Condensed Interim Statement of Cash Flows

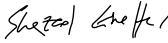
For the Nine-Months Period Ended March 31, 2024 (Un-audited)

	Note	Nine-months period ended	
		March 31 2024 Rupees (Un-audited)	March 31 2023 Rupees (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	9	313,006,297	(19,412,017)
Finance cost paid		(74,984,528)	(35,440,704)
Taxation		(31,190,650)	19,750,127
Retirement benefits paid		(24,585,938)	(6,474,777)
Net cash generated from / (used in) operating activities		182,245,181	(41,577,371)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,039,146)	(6,551,818)
Purchase of intangible assets		-	(3,667,757)
Short Term Investment		(30,000,000)	-
Proceeds from sale of property, plant and equipment		14,582,194	8,500,000
Net cash used in investing activities		(18,456,952)	(1,719,575)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan obtained from shareholders		-	111,000,000
Loan repaid to shareholders		(100,000,000)	(20,000,000)
Short term borrowings - net		(44,419,869)	(30,746,921)
Repayment of long term finances - secured		-	(14,949,499)
Net cash (used in) / generated from financing activities		(144,419,869)	45,303,580
Net increase in cash and cash equivalents		19,368,360	2,006,634
Cash and cash equivalents at the beginning of the period		21,312,106	21,624,400
Cash and Cash Equivalents at the End of the Period		40,680,466	23,631,034

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Badar M. Khan
Chief Financial Officer


Najam Aziz Sethi
Chief Executive Officer


Shazad Ghaffar
Chairman

Notes to and Forming Part of the Condensed Interim Financial Information

For the Nine-Months Period Ended March 31, 2024 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Mitchell's Fruit Farms Limited ("the Company") is a public limited Company incorporated in Pakistan and the shares of the Company are listed on Pakistan Stock Exchange.

It is principally engaged in the manufacture and sale of various farm and confectionery products. The registered office of the Company is situated at House No. 72-FCC, Gulberg IV, Lahore. The manufacturing facility and the farms are situated in Renala Khurd, Okara, Pakistan. The Company also has one sales office in Islamabad and one in Karachi.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

- 2.1.1 These condensed interim financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.1.2 These condensed interim financial statements comprise of the condensed interim statement of financial position of the Company, as at March 31, 2024 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the notes forming part thereof.

- 2.1.3 These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended June 30, 2023.

- 2.1.4 The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended June 30, 2023, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements for the nine months period ended March 31, 2023.

2.1.5 These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act").

2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional currency.

3 JUDGMENTS AND ESTIMATES

The preparation of these condensed interim financial statements (un-audited) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

4 SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed interim financial statements (un-audited) are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2023.

		March 31, 2024 Rupees (Un-audited)	June 30, 2023 Rupees (Audited)
5 LOAN FROM SHAREHOLDERS - UNSECURED	Note		
Loan from shareholders - Interest free	5.1	150,000,000	150,000,000
Loan from shareholders - Interest bearing	5.2	<u>66,000,000</u>	<u>166,000,000</u>
		<u>216,000,000</u>	<u>316,000,000</u>

5.1 This represents loan amounting to Rs. 75 million each (June 30, 2023: 75 million) payable to Ms. Syeda Maimant Mohsin and Ms. Syeda Matanat Ghaffar. These loans are interest free and repayable on demand.

5.2 This represents loan amounting to Rs. 33 million (June 30, 2023: 66 million) borrowed from Mr. Najam Aziz Sethi, Nil (June 30, 2023: 35 million) borrowed from Ms. Mira Sethi and Rs. 33 million (June 30, 2023: 65 million) borrowed from Ms. Syeda Matanat Ghaffar. These loans carry mark-up @ KIBOR plus 1% margin (June 30, 2023: KIBOR plus 1% margin) per annum.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no material change in the status of contingencies as reported in the financial statements of the Company for the year ended June 30, 2023 except for the following:

6.1.1 Income Tax

- (i) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated July 24, 2014 in respect of tax year 2009, raised a demand of Rs. 15.07 million on account of disallowance of certain expenditures. The Company being aggrieved preferred an appeal before the Commissioner Inland Revenue (Appeals) which was decided in the favor of the Company. Being aggrieved, the Commissioner Inland Revenue filed an appeal before ATIR, which was heard on January 11, 2024 and no order is passed yet.
- (ii) The Company received the show cause notice under section 161 (1A) of the ITO, 2001 dated May 18, 2023 for tax year 2017 through which the Company was required to furnish detail of payments made under various heads along with documentary evidence. After the detailed deliberation, the DCIR raised demands amounting to Rs. 1.60 million including default surcharge against the Company. The Company paid the said demand and under protest preferred an appeal before the Commissioner Inland Revenue (Appeals). The CIR(A) vide order dated February 07, 2024 confirmed the tax charged u/s 161 of Rs. 909,667/- and remanded back the default surcharge amounting to Rs. 692,363/-.

The Management and taxation expert of the Company believes that there are meritorious grounds to defend the above mentioned demands relating to the respective cases, consequently, no provision has been recorded in these financial statements with respect to the above matters.

6.1.2 Sales Tax

- (i) The Additional Commissioner Punjab Revenue Authority ('AdC') has issued a notice dated October 29, 2020 for financial year 2017 through which intention was shown to recover the alleged short deducted/deposited withholding of sales tax liability. In response to order, the Company submitted the requisite details and documents. However, the AdC passed an order dated May 06, 2021, created an alleged principal demand of Rs. 38.28 million. Being aggrieved, the Company filed an appeal before the Commissioner Appeal PRA CIR(AP). The appeal has been heard by the CIR(AP) on January 16, 2024. The appeal was decided by the CIR(AP) vide his order dated January 16, 2024 through which case was remanded back to the assessing officer, hence, no demand is in field yet. Remand back proceedings have not been initiated as yet. Therefore, any financial exposure cannot be determined at this stage.
- (ii) The Company had received a show cause notices dated October 16, 2023 through which the AdC had shown intention to recover short deducted/deposited withholding of sales tax amounting to Rs. 91.43 million related to financial years 2020 and 2021 under the Punjab Sales Tax on Services (Withholding) Rules, 2015. In response, the Company filed a writ petition against such unlawful show cause notices in Lahore High Court [LHC]. The LHC, through its order sheet dated March 12, 2024 has decided the matter in favor of the company and has allowed the petition. Due to favorable decision of LHC, show cause notices are not in field. In light of the directions of the honorable LHC, currently there is no financial burden upon the company until any further action by the department.

- (iii) The Deputy Commissioner Inland Revenue ('DCIR') raised a demand of Rs. 11.121 million on account of late filing of sales tax return vide order dated July 31, 2023. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which was partially decided in favor of the Company vide order dated September 25, 2023 resulting in reduction of demand by Rs. 3.99 million. Being aggrieved the Company has filed an appeal before Appellate Tribunal Inland Revenue ('ATIR'), against the demand of Rs. 7.22 million as confirmed by CIR(A), the main appeal has been heard by the ATIR on November 08, 2023. The ATIR decided the appeal through its order dated January 03, 2024 and remanded back the case to the assessing officer. Remand Back proceedings are not initiated yet.
- (iv) The company had received a show cause notice dated November 08, 2023 under section 11(1) of the STA, 1990 through which, intention was shown to recover the penalty and default surcharge amounting to Rs.778,500/- and 150,000/- respectively on account of late filing of monthly sales tax returns. In response, the company submitted a reply to show cause notice dated November 20, 2023. Deputy Commissioner has imposed the penalty & default surcharge of Rs.928,500/- vide order dated January 16, 2024. Being aggrieved with the order of DCIR, company preferred an appeal before Commissioner Appeals. The CIR(A) has passed an order on March 25, 2024 through which penalty u/s 33(21) amounting to Rs. 519,000/- has been deleted while penalty u/s 33(5) of Rs. 259,500 has been confirmed and default surcharge of Rs. 150,000/- has been remanded back to the DCIR. Remand back proceedings have not been initiated as yet.

The Management and taxation expert of the Company believes that there are meritorious grounds to defend the above mentioned demands relating to the respective cases, consequently, no provision has been recorded in these financial statements with respect to the above matters.

6.1.3 Others

- (i) Letters of guarantee on account of payment of dues amounting to Rs. 27.20 million (June 30, 2023: Rs. 17.20 million).
- (ii) The Company has issued postdated cheques amounting to Rs 126.19 million (June 30, 2023: Rs 126.14 million) to the Collector of Customs Lahore Dry Port on account of taxable duty which might become payable against Duty and Tax Remission on Export under SRO # 492 (I)/2009 dated June 13, 2009 and SRO # 450 (I)/2001 dated June 30, 2001 under Customs Rules 2001.

6.2 Commitments

- (i) Letters of credit for purchase of raw and packing materials amounting to Rs 30.28 million (June 30, 2023: Rs. 31.59 million).
- (ii) The Company has entered into operating lease agreements, including Ijara financing agreement with Bank Al Habib Limited in order to obtain vehicles for employees. The amount of future payments under this lease and the period in which these payments will become due are as follows:

	March 31, 2024 Rupees (Un-audited)	June 30, 2023 Rupees (Audited)
Note		
Not later than one year	-	354,251
later than one year and not later than 5 years	-	-
	<u>-</u>	<u>354,251</u>
7	PROPERTY, PLANT AND EQUIPMENT	
Opening written down value	622,300,506	644,779,914
Additions during the period / year	3,039,146	33,805,142
Assets classified as held for sale	(2,332)	-
Disposal & Adjustments during the period / year (Net Value)	<u>(4,757,291)</u>	<u>(1,105,450)</u>
	620,580,029	677,479,606
Depreciation charge for the period / year	<u>(38,420,689)</u>	<u>(55,179,100)</u>
	<u>582,159,340</u>	<u>622,300,506</u>
	March 31, 2024 Rupees (Un-audited)	June 30, 2023 Rupees (Audited)
Note		
8	ASSETS HELD FOR SALE	
Property, plant and equipment		
	<u>2,332</u>	<u>-</u>

Assets held for sale comprise a piece of land near the manufacturing facility, Renala Khurd, District Okara, Pakistan which sale transaction has subsequently completed in April 2024. On the balance sheet date, these are stated at lower of carrying value and fair value less cost to sell. Gain on disposal of these assets shall be presented in the statement of profit or loss for the next period.

9 CASH GENERATED FROM OPERATIONS

	March 31, 2024 Rupees (Un-audited)	March 31, 2023 Rupees (Un-audited)
Profit before tax for the period	167,634,260	574,260
Adjustment for:		
Depreciation and amortization	42,950,623	42,071,930
Impairment of leasehold improvements	3,165,360	-
Gain on disposal of fixed assets	(12,990,263)	(7,484,545)
Provision for gratuity and accumulated leaves	38,657,700	37,387,025
Provision for doubtful debts	-	33,947,889
Provision for obsolete stocks	-	47,858,245
Accrued liabilities written off	-	(67,858,216)
Provision for sale returns	29,470,406	-
Exchange loss / (gain)	2,846,208	(1,677,201)
Finance cost	79,139,151	56,162,153
	<u>183,239,185</u>	<u>140,407,280</u>
Profit before working capital changes	350,873,445	140,981,540
Effect on cash flow due to working capital changes:		
(Increase)/decrease in stores, spares and loose tools	5,830,936	(13,631,884)
(Increase)/decrease in stock-in-trade	27,113,000	(56,370,737)
(Increase)/decrease in trade debts	(175,867,987)	23,590,684
(Increase)/decrease in advances, deposits & prepayments	(65,149,001)	(15,607,736)
Increase/(decrease) in creditors, accrued and other liabilities	170,205,904	(98,373,884)
	<u>(37,867,148)</u>	<u>(160,393,557)</u>
Cash generated from/(used in) operations	<u>313,006,297</u>	<u>(19,412,017)</u>

	Nine-months period ended March 31,		Quarter Year Ended March 31,	
	2024	2023	2024	2023
	Un-Audited Rupees	Un-Audited Rupees	Un-Audited Rupees	Un-Audited Rupees
10 SALES				
- Local	2,277,791,810	2,431,012,873	691,384,837	919,411,051
- Export	518,271,852	339,473,581	220,586,511	95,222,572
Gross Sales	2,796,063,662	2,770,486,454	911,971,348	1,014,633,623
Less: Sales tax & FED	(319,378,142)	(347,322,011)	(106,622,271)	(146,296,718)
	2,476,685,520	2,423,164,443	805,349,077	868,336,905
Less: Sales return, trade discounts and trade promotion incentives	(378,767,060)	(372,968,707)	(112,587,028)	(143,168,534)
	<u>2,097,918,460</u>	<u>2,050,195,736</u>	<u>692,762,049</u>	<u>725,168,371</u>
11 COST OF SALES				
Raw and packing material consumed	1,158,427,314	1,049,004,575	350,429,293	383,049,521
Salaries, wages and other benefits	176,969,279	246,344,577	64,263,906	96,692,249
Boiler Expenses	29,855,418	13,428,320	12,236,304	4,107,859
Power, water & Gas	69,927,821	87,198,508	21,172,310	24,457,960
Travelling and vehicle running	3,196,489	8,017,632	1,128,502	2,329,449
Repairs and maintenance	2,940,368	31,021,720	1,120,341	13,364,855
Rent, rates and taxes	3,265,462	2,904,644	1,132,457	1,351,908
Depreciation & Amortization	32,959,102	33,838,404	11,140,372	11,361,919
Material write off	153,029	34,839,454	16,861	124,895
Miscellaneous expenses	10,527,463	15,771,535	3,654,428	2,014,663
	<u>1,488,221,745</u>	<u>1,522,369,369</u>	<u>466,294,774</u>	<u>538,855,278</u>
12 DISTRIBUTION AND MARKETING EXPENSE				
Salaries, wages and other benefits	55,449,779	76,214,268	18,107,133	25,113,187
Freight	36,346,185	35,332,819	11,655,245	13,870,344
Travelling and vehicle running	19,112,396	20,719,871	6,174,507	5,886,031
Advertisement	887,442	26,767,020	707,036	155,000
Selling & distribution costs	113,045,526	163,403,718	39,679,326	39,221,912
Other expenses	2,297,917	2,116,429	2,075,355	577,031
	<u>227,139,245</u>	<u>324,554,125</u>	<u>78,398,602</u>	<u>84,823,505</u>

13 TRANSACTION WITH RELATED PARTIES

Related parties comprise associated companies, directors of the Company and their close relatives and key management personnel. The Company in the normal course of business carries out transactions with various related parties. These are un-secured amounts due from and due to related parties and are shown under respective notes to these financial statements. Significant transactions with related parties are given below:

Transactions during the period

Related party	Basis of Relationship	Aggregate Shareholding	Nature of transaction	March 31,	
				2024 (Un-audited) Rupees	2023 (Un-audited) Rupees
Mr. Najam Sethi	Chief Executive Officer	0.006%	Obtained loan	-	31,000,000
			Loan repaid	(33,000,000)	(15,000,000)
			Markup expense	10,751,454	8,145,503
			Markup paid	(7,276,432)	-
Mr. Mehdi Mohsin	Director	20.415%	Purchase of goods	2,030,264	1,767,673
			Rent expense	3,149,835	2,207,272
			Payment made on behalf of related party	1,358,749	858,225
Ms. Syeda Maimanat Mohsin	Spouse of Director	20.420%	Loan obtained	-	5,000,000
			Loan repaid	-	(5,000,000)
			Purchase of goods	-	-
Ms. Syeda Matanat Ghaffar	Spouse of Director	20.206%	Loan obtained	-	41,320,795
			Loan repaid	(32,000,000)	(1,320,795)
			Markup expense	10,601,476	5,613,153
			Markup paid	(6,911,155)	-
Ms. Mira Sethi	Close relative of Chief Executive	None	Loan obtained	-	35,000,000
			Loan repaid	(35,000,000)	-
			Markup expense	5,249,252	3,064,984
			Markup paid	(3,554,688)	-
Vanguard Books (Private) Limited	Common directorship	None	Rent expense	11,873,882	14,442,351
Key management personnel and others			Remuneration	53,452,796	51,682,728

Outstanding Balance as at

	March 31, 2024 (Un-audited)	June 30, 2023 (Audited)
Loan from directors / close relative - unsecured		
- Mr. Najam Sethi	33,000,000	66,000,000
- Ms. Syeda Matanat Ghaffar	108,000,000	140,000,000
- Ms. Syeda Maimanat Mohsin	75,000,000	75,000,000
- Ms. Mira Sethi	-	35,000,000
Accrued finance cost		
- Mr. Najam Aziz Sethi	19,203,237	15,752,192
- Ms. Syeda Matanat Ghaffar	13,747,534	9,953,733
- Ms. Mira Sethi	6,776,104	5,081,539
Security deposit - M/s. Vanguard Books (Private) Limited	2,400,000	3,600,000

All transactions with related parties have been carried out on mutually agreed terms and conditions. During the period, the Company did not enter into transactions or arrangements with any other related party.

14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is determined on the basis of objective evidence at each reporting date. The Company has not made any changes to valuation techniques used to value financial instruments as described in annual audited financial statements for the year ended June 30, 2023.

As of reporting date, there were no Level 1, 2 or 3 financial assets or liabilities.

15 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual financial statements for the year ended June 30, 2023.

16 AUTHORIZATION OF INTERIM FINANCIAL INFORMATION

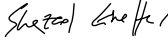
These condensed interim financial statements (un-audited) are approved and authorized for issuance by the Board of Directors of the Company on [April 24, 2024](#).

17 GENERAL

Corresponding figures are rearranged for better presentation and comparison (un-audited).


Badar M. Khan
 Chief Financial Officer


Najam Aziz Sethi
 Chief Executive Officer


Shazad Ghaffar
 Chairman

MITCHELL'S®



Quarterly REPORT

31-March-2024

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